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COUNTRY PROGRAMME FOR SRI LANKA

UNDP assistance requested by the Government of Sri Lanka for the period 1977 - 1983

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I. INTRODUCTION

1. The Second Sri Lanka Country Programme for UNDP Assistance (SCP) covers the years 1977-1983. Prepared by the Government, in close consultation with all parties concerned, it reflects the Government's recognition of the important role of technical assistance in development activities in Sri Lanka.

2. The SCP exercise was originally scheduled in 1976 as the First Country Programme (FCP) covered the period 1972-1976. However, due to the 1977 election and the time required by the Government to prepare its medium term investment strategy in May 1979, the SCP exercise commenced in early 1979 for submission to the UNDP Governing Council in June 1980. As the FCP terminated in 1976 and the Government's public investment programme was for 1979-1983, it was decided that the SCP for Sri Lanka would cover the period 1977-1983.

A. Country Programming Exercise

3. The programming exercise for the SCP was conducted over a twelve month period. The Department of External Resources, Ministry of Finance and Planning, was responsible for the preparation of the Programme, primarily assisted by the Department of National Planning and supported by the development ministries, departments and agencies. The United Nations System assisted in the exercise through its resident representation and other personnel, resident or visiting Sri Lanka on missions, and agency headquarters' country briefs.

4. It was decided that special sectoral studies or Agency programming missions specifically for the SCP exercise would not be necessary. Firstly, the 1979-1983 Public Investment Programme,which was submitted to the World Bank consortium meeting in May 1979, and the budget statements of November 1978 and 1979 presented clearly the main development objectives, sectoral priorities and resources allocations. Technical and capital assistance projects were identified which were designed to achieve these objectives. Secondly, a number of sectoral studies by Government ministries, the World Bank, and United Nations agencies were available. Thirdly, most Specialized Agencies of the United Nations, on their own initiative or on UNDP request, submitted sectoral analyses and identified many useful areas for technical assistance. Fourthly, numerous agency missions of a general and specific nature also prepared reports and draft project documents. Full use was made of this information and other available material in preparing the Programme.

B. Country Programming Methodology

5. Following an assessment of all ongoing projects, to determine their future duration and requirements, an evaluation of the FCP was prepared and carried out by the UNDP Office in Colombo, in consulation with the Department of External Resources and concerned Government ministries. The purpose of the evaluation was to identify how positive aspects of UNDP assistance could be emphasized and shortcomings reduced or eliminated in the formulation and implementation of the SCP (see Chapter III, below for details).

6. Next, the Resident Representative submitted his "Note" to the Government, containing observations on the First Country Programme, an evaluation of projects implemented, and recommendations for consideration during the SCP exercise.

7. The Government thereafter requested all development ministries to submit proposals for possible UNDP assistance. Concurrently, the UNDP Resident Representative

requested the Specialized Agencies to suggest areas where technical assistance would be useful. These United Nations system proposals, together with those by the Resident Representative, were forwarded through the External Resources Department to the development ministries concerned. Meetings were held with each development ministry chaired by the External Resources Department and attended by the Department of National Planning, the UNDP and concerned UN Agency Representatives. In view of the inability to accommodate all proposed programmes within the available resources, each development ministry was requested to present its proposals in order of priority, taking into consideration both Government and United Nations suggestions.

8. Finally, the Government, in consultation with the Resident Representative, identified projects for inclusion in the SCP. Consideration was given first to ongoing projects which were in accord with high Government priorities. All new proposals were carefully assessed according to a prescribed set of criteria leading to agreement reached on the priority projects to be included within the financial framework of the Indicative Planning Figure (IPF) (see para, 28, below). The results of this exercise were reported to the Development Secretaries Meeting. Following receipt and examination of comments on the first draft of the programme by UNDP Headquarters and the Executing Agencies, the Government, in consultation with the Resident Representative, modified the Country Programme Document for submission in final form to the UNDP Headquarters in January 1980.

II. DURATION, TIME-FRAME AND ANTICIPATED RESOURCES

A. Duration and Time-Frame

9. The SCP covers a seven year period from January 1977 to December 1983, the latter five years coinciding with the Government Public Investment Programme, 1979-1983. The former two years provide a bridge between the FCP and the Government programme. The SCP therefore spreads over the five years of the second UNDP IPF cycle (1977-1981) and the first two years of the third UNDP IPF cycle (1982-1986).

B. Programming of Anticipated Resources

10. The IPF for Sri Lanka during the first (1972-1976) and second (1977-1981) cycles is $15.0 million and $31.5 million, respectively. The IPF for the third cycle (1982-1986) is not yet known. For SCP programming purposes, account has been taken of the over-expenditure in the first cycle of $2.8 million leaving $28.7 million. The estimated IPF availability for 1982-1983 is $16.0 million bringing the total to $44.7 million. UNDP headquarters has indicated that Sri Lanka with a substantial increase anticipated for the third cycle, may borrow $2.0 million from the 1982-1986 IPF. Resources available during the SCP period are therefore $46.7 million.

11. To ensure full expenditure of resources an adequate programming allowance of $5.7 million (fifteen percent of the unexpended $38.0 million during the remaining SCP period) has been further added. Total resources taken into account for programming during the SCP period are therefore $52.4 million. In the unlikely event the programme has a one hundred percent delivery rate, the difference between IPF resources and the proposed programme will be covered by the anticipated rise in IPF during the third cycle of at least fifty percent of the second cycle IPF. In addition to the present reserve of $1.6 million, anticipated slippage in the programme will provide further resources for the SCP to finance revisions to ongoing projects and for new projects not currently foreseen.

12. Sixty one percent of the UNDP resources for the SCP have already been allocated to ongoing or firm pipeline projects. This is primarily due to the SCP exercise being prepared halfway through the SCP period. This provides $20.6 million unallocated programme resources for the SCP exercise.

13. The SCP anticipates a gradual rise in actual expenditure levels during the first six years. Actual (1977 and 1978) and projected expenditure levels (1979 to 1981) are respectively: $3.9 million; $4.8 million; $6.5 million; $7.7 million and $7.8 million. Expenditure levels for 1982 and 1983 taking into account currently available resources will be approximately $7.9 and $8.1 million annually.

C. Additional Resources Available

14. In addition to the country IPF, there are other sources of technical co-operation resources available to Sri Lanka from within and in association with United Nations organizations.

15. The first and most significant source of technical assistance financing is the Regular Programmes of Specialized Agencies and Organisation in the United Nations systems, such as UNICEF, WHO, FAO, IAEA and UNIDO. UNICEF recently completed its country programme and is expected to provide more than $14.0 million during the 1979 to 1983 period. Their emphasis is on health, drinking water supply, education and slum improvement. The WHO bi-annual programme for Sri Lanka has earmarked some $3.6 million for the period 1980-1981. The level of financing is expected to increase significantly in the next biennium. FAO's Technical Co-operation Programme (TCP) is a further source of technical assistance funding for agriculture sector. Its programme in 1979 was approximately $0.3 million. UNIDO has agreed to provide some $0.75 million and $0.14 million under the United Nations Industrial Development Fund (UNIDF) and Special Industrial Services (SIS), respectively for project aid. The IAEA regular programme is likely to continue its assistance of some $0.12 million yearly for activities relating to atomic energy.

16. Another important source of funding is provided through the United Nations Fund for Population Activities (UNFPA) with some $7.0 million (1977-1981) for family planning and population activities. The programme is likely to expand significantly during the SCP period following a Basic Needs study scheduled for early 1980.

17. A further source of assistance, which supplements and complements both United Nations system and bilateral aid programmes, is multi-bilateral funding. Some bilateral donors have provided trust-funds to FAO, ILO and UNESCO to execute projects on their behalf. These are often closely associated with projects funded by the UNDP.

18. The World Food Programme (WFP) also provides another important source of assistance through food commodities. The WFP is active in supporting new settlements (inside and outside the Mahaweli Ganga Development Programme) and rehabilitation of village tanks and minor irrigation systems. The annual level of resources is approximately $5.44 million.

19. The newly established Interim Fund on Science and Technology for Development could also provide useful technical assistance resources.

20. A summary of multilateral and bilateral development assistance is provided in the Development Assistance Report which is issued yearly by the UNDP Office in Colombo.

III. ASSESSMENT OF THE FIRST COUNTRY PROGRAMME AND ITS IMPACT ON THE SECOND COUNTRY PROGRAMME EXERCISE.

21. An assessment of the FCP was carried out as part of the country programme exercise which identified issues for consideration during the SCP exercise.

A. First Country Programme, 1972-76

22. The FCP consisted of more than 260 projects utilizing $17.8 million UNDP resources. The sectoral distribution of resources which broadly reflected priorities contained in the Government Five Year Development Programme (1972-1976), was as follows: Agriculture - 40 percent, Infrastructure - 35 percent, Human Resources - 17 percent; Natural Resources - 2 percent and Industry - 5 percent.

23. A major proportion of UNDP assistance under the FCP was devoted to establishment or strengthening of Government institutions critical to development activities. Technology transfer and manpower development were given specific attention. The FCP also contained projects with direct and indirect relationship to pre-investment activities normally associated with World Bank financing. Direct support projects were also important components of the FCP.

24. During the period preceding the SCP exercise, progress was made in applying "new dimensions". Some national consultants were recruited for projects and for evaluation and review missions. Several national sub-contractors were employed. Sizable amounts of equipment were locally purchased. Increased use was made of advisers from developing countries utilizing their experience and cultural grasp of development situations. Several projects were "equipment only" and contributed primarily to the building up of research institutions. Considerable use of short term consultants were made.

25. Pre-investment activities were also quite successful during this period. Five projects were directly responsible for generating $29 million in capital investment. Six other projects supported the implementation of capital assistance loans of $60 million.

26. Significant issues arising from the assessment of the FCP may be briefly summarized as follows:

(a) The FCP was consistent with the Government's development priorities and all steps should be taken to ensure the SCP would be likewise.

(b) The FCP, with 65 percent of its resources allocated for the first two years, was heavily frontloaded. Expenditure patterns were 18 percent ($2.8 million) during the first three years and 30 percent ($4.6 million) during the final two years. This pattern resulted from delays in early implementation, the liquidity difficulty in 1975/76 and the rapidly expanding programme. More realistic and careful planning should be given attention in the preparation and implementation of the SCP.

(c) During the FCP, a large number of projects were thinly spread over most sectors. The SCP should reduce the number of projects consistent with the strategy to implement key development programmes.

(d) FCP implementation was characterized by some delays and frequent project extensions. Specific issues regarding delays were discussed with the United Nations and Government authorities concerned. Project extensions were often due to weaknesses in project design and timely supply of project inputs. Emphasis should be given to improved project planning, design, monitoring and evaluation.

(e) While the FCP was able to incorporate some new development approaches, increased attention should be given during the SCP to further promote the transfer of technology, the promotion of self-reliance and the application of "new dimensions". Emphasis should also be given to providing inputs with a multiplier effect and with likelihood of investment follow-up.

B. Project Selection for the Second Country Programme

27. The FCP evaluation contributed to the SCP exercise by raising issues for consideration at the project selection stage such as areas of concentration and modalities for implementation. More than 100 projects proposals exceeding $60 million were submitted by development ministries thereby indicating the range and magnitude of external assistance needs and the importance given to the utilizing of UNDP resources. With unallocated programme resources of only $20.6 million, only projects of the highest priority most suited for UNDP financing could be selected.

28. Each project proposal was carefully assessed in accordance with the following major criteria: (a) increased employment and income generation, (b) growth in GDP, (c) improved balance of payments, (d) inclusion in the public investment programme, (e) relation to the "lead projects", (f) contribution to development of self-reliance, (g) likelihood of investment follow-up, (h) the Government's priority, and (i) absorptive capacity of the counterpart Government organization. Care was taken to ensure complementarity where possible with existing and projected external assistance programmes by other bilateral and multilateral donors.

29. As resources were limited, it was decided to focus upon activities which would ensure maximum impact of UNDP assistance. Inputs for some project proposals were modified or reduced to ensure optimum utilization of UNDP resources as specified by the Government. It was agreed that a modular and/or pilot project approach would be used for areas requiring sizable external resources or for projects of an innovative nature. UNDP assistance would thereby perform a catalytic role.

C. Implementation of the Second Country Programme

30. The Government and the UNDP are committed to utilizing SCP resources in the most effective manner. Based upon the FCP evaluation and issues raised during the Joint Inspection Unit (JIU) assessment of the Sri Lanka programme in March 1979, the following principles will be practiced in implementation of the SCP.

31. In general,all UNDP technical assistance will be directed towards transfer of skills, project results and the building of national self-reliance. Measures will be taken to increase application of "new dimensions" through employment of national consultants and sub-contractors, local purchase of equipment and government execution. UNDP resources will respond and adapt to changing development assistance needs, targets and activities. Attention will be given to global UN priorities proclaimed by the legislative organs of the United Nations system (for details, see Para. 101, below). As most of these themes lend themselves to action at the project level, resources for specific activities where appropriate will be included during the project formulation and implementation stages.

32. The following consideration will be taken of modalities of UNDP assistance being provided during the SCP. As far as possible the number of long term advisers

will be reduced and short term advisers increased to provide more responsive and effective technical inputs. Experts assignments will be carefully planned to reduce project costs. Proposed extensions of advisers will be carefully reviewed and thorough justification be given before extending contracts beyong the original plans. Emphasis by advisers will be upon developing self-reliance and the transfer of technology. The duration of long term advisers will normally not exceed three years. Emphasis will also be given to strengthening development management capabilities which would enhance project performance through careful project monitoring and evaluation and building Government capacity of self-reliant national development management.

33. Emphasis will be given to training activities. Fellowship components will contain increased in-country and short-term technical training. Fellowship and inputs will be realistically scheduled within the framework of project design and selection of trainees will be done with greater care in order to maximize the benefits. Only those individuals who are technically qualified and who will remain with the project for the prescribed duration will be selected.

34. Equipment which is essential and utilized on a full time basis only will be ordered. Consideration will be given to promoting standardization with existing equipment. Spare parts as well as maintenace and repair facilities will be given attention in the design and implementation of projects. Care will be taken to ensure no duplication of equipment items provided from other Government or multi-lateral assistance sources.

35. More attention will be given to the formulation of project documents, and efforts made to improve their design. The number of immediate objectives will be limited and listed in order of priority. Objectives will be stated in quantifiable and measurable terms, where practicable, and will focus on outputs rather than inputs. Scheduling of inputs and activities will be as realistic as possible, taking into consideration adequate lead time required for mobilizing both Government and UNDP inputs. Efforts will be made to include progress indicators within the project document to enable proper project monitoring.

36. The Government recognises its responsibilities in ensuring project success. Prior to the provision of UNDP assistance, full time qualified personnel will be in place, and adequate funding for project implementation assured. Physical facilities as agreed in the project document will be provided. Agreed upon Government inputs will as far as possible be provided on schedule and the turnover of national counterpart staff during the period of the project will be kept to a minimum.

IV. DEVELOPMENT PERSPECTIVES

37. Over the years, the Government of Sri Lanka has pursued economic and social policies designed to secure maximum welfare to its population. Literacy, health standards and life expectancy are high and rising while mortality and population growth are low and declining. These gains were achieved and maintained despite generally slow economic development. While the rate of social advance was remarkable, the necessary transformation of the economy to sustain and support social measures did not take place simultaneously. The average per capita income level is low - about US dollars 200 in 1978. After achieving a modest growth of over 4 percent per annum during the 60s, the economic growth declined to an annual average of 3 percent during the period 1970-77. This was well below the potential offered by Sri Lanka's human and natural resources.

38. Sri Lanka has an export oriented economy based largely on primary production. Exports are equivalent to about a third of GDP with three primary products (tea, rubber and coconuts) accounting for as much as 70 percent of total merchandise export earnings. The difficulties arising from the structural over-dependence on these three export crops have been compounded in recent years by the steadily deteriorating terms of trade, especially in respect of tea. Efforts were made by the Government in the past to diversify the economy by stimulating domestic food production and by expanding industry. But these efforts have been insufficient to off-set the effects of various adversities and to transform the economy from a state of semi-stagnation to one of dynamic growth.

39. Agriculture occupies a dominant position in the economy accounting for about one-third of the gross domestic product, half of total employment and around four-fifth of export earnings. It offers the largest scope for expansion of output and employment, for import substitution and for export earnings. A substantial part of the activity in other sectors is closely related to that in the agricultural sector. However, for a variety of reasons, the full potential of this sector has not been exploited. In the case of tea, rubber and coconut, proper attention was not paid to the replanting programmes. The dislocation in management of large estates after the land reform legislation in 1972 and 1975 was one of the factors adversely affecting the tree crops sector. The food production drive that was launched in the late 1960's was not sustained in subsequent years. The result was an increase in the annual import costs for rice and flour without corresponding improvement in the export earnings of tea, rubber and coconut. The dual exchange rate system that was in force until late 1977, coupled with high export duties, deprived tea, rubber and coconut producers of adequate incomes and in fact severely eroded their profitability.

40. The performance of the manufacturing sector was similar. Investment in manufacturing industry was low, and the performance of most public and private sector firms nurtured in a highly protected environment did not produce much growth. The large investment in public sector manufacturing did not yield an appropriate return because of heavy operational losses due to **overstaffing, inefficient management and excessive control measures.** The financial viability of several manufacturing corporations in the public sector was seriously impaired, and the various controls operating on the private sector inhibited production as well as investment initiatives. Price Controls tended to discourage new investment and in some cases caused firms to curtail production in order to minimise losses.

41. The performance of the economy during the period 1970-77 was further aggravated by the oil crisis and subsequent world-wide inflation and recession. Almost seven years of near stagnation in agriculture, industry and other productive sectors combined with inadequate levels of savings and investment also reduced the economy to run-down conditions. It was against this background that the present Government came into power in July, 1977. The Government took the first opportunity to initiate measures to restore vitality in the economy. A comprehensive stabilisation programme was worked out and implemented. These included exchange rate reform, import liberalisation, interest rate reform, tax reform and realistic budgetary policies. Production incentives through appropriate price policies for agricultural products were implemented. The response of the economy to these policy reforms has been most encouraging. Economic growth in 1978 recorded an increase of 8.2 percent in real terms. This spurt in performance is attributable mainly to a record paddy crop, substantial gains in manufacturing output, recovery of construction activity and a continued expansion of the services sector. A significant feature of the revival in 1978 was the all-round improvement recorded in all sectors of the economy.

42. Although the initial policy response was directed towards immediate measures to bring about economic revival, the Government was fully conscious of the need to bring about lasting solutions to the fundamental problems facing the country. Accordingly, a decision was taken to prepare a co-ordinated Medium-Term Public Investment Programme to facilitate a sustained acceleration of overall growth of the economy. In Sri Lanka, a substantial part of the economy accounting for a third of the gross domestic product is in the public sector. The public sector is also responsible for almost 60 percent of the gross domestic capital formation. Several key sectors in the economy are directly owned and operated by the Government. Hence, the role of the Government is of considerable significance in directly stepping up growth activity in the public sector and also of leading and stimulating activity in the private sector. In the context of preparing the Medium-Term Public Investment Programme, it was therefore necessary to examine the overall economic prospects and to delineate the role of the public sector in specific and clear terms.

43. The low economic growth in the past has resulted in a large back-log of unemployment,especially among the younger age groups. In seeking a lasting solution to the twin problems of unemployment and low economic growth, the Government has begun the task of establishing through its economic policies an environment in which people are free to save, invest and earn a remunerative wage or income from the fruits of their labour. The Public Investment Programme for the period 1979-83 acticulates a comprehensive set of policies to be implemented by the Government during the next five years, for securing the rapid economic development of the country.

44. A major hindrance to Sri Lanka's economic development in the past has been the steady deterioration in external terms of trade, resulting in a severe shortage of foreign exchange to finance essential imports. It has therefore become necessary to diversify the export sector and pursue a strategy of export-led economic growth in order to achieve balance of payments viability in the long run. On the basis of all these considerations, the Government's investment strategy seeks to achieve (i) a large-scale expansion of employment; (ii) a higher rate of overall growth with increased savings and investment; (iii) progressive improvement in the balance of payments and (iv) safeguarding the living standards of the poor. The potential for the realisation of these objectives is premised on the resource endowments in Sri Lanka, namely, a reservoir of unutilised educated manpower, significant amounts of unexploited land, water and power resources and unutilised capacities in different branches of the economy. In translating this strategy for implementation,the Government has identified the three lead projects, the Accelerated Mahaweli Development Programme, the Free Trade Zone Development and the Urban Renewal and Housing Programme, to constitute the core of Public Investment envisaged for the next five years. These major projects have tremendous potential for employment creation,conservation of water resources, power generation, expansion of agricultural output, industrial output, exports and development of rural and urban areas. The Public Investment Programme also provides for complementary investments to be undertaken in such areas as provision of building materials, economic infrastructure and social overheads.

45. The projected evolution of the economy during the period 1979-83 envisages a sustained growth rate of around 5½ percent per annum in terms of real gross domestic product. The investment requirements for this order of development have been estimated at over Rs.77 billion at current prices. Of this, as much as 60 percent of the investment will be incurred in the public sector. Even after mobilisation of domestic savings at about 20 percent of all the incremental incomes generated during the five year period, the Government will have to seek external financing for a substantial part of the Public Investment Programme. It is therefore clear

that external assistance and maximum domestic resource mobilization are essential to the solving of Sri Lanka's economic problems.

46. The programme of development outlined in "Public Investment - 1979-83" will require the careful husbanding of domestic and foreign resources and their optimal utilization. The massive construction projects which constitute the core of the programme will require precise planning of manpower and material resources, so that bottlenecks do not develop during their implementation. Since these projects are also expected to be substantially financed from external resources, continuous monitoring, evaluation and progress control will have to be exercised. With a view to introducing flexibility in programming, the entire programme is conceived in a "rolling" framework. Following this procedure, the medium-term programme will be reviewed at the expiry of each year and performance targets will be revised for the subsequent five year period. This takes account of the continuous character of the development process and also underlines the changing perspectives.

47. Sri Lanka has been receiving external financial assistance from bilateral and multilateral agencies. Several international organisations including the United Nations Development Programme have been providing technical assistance. Financial assistance from the Aid Group countries have increased from a gross disbursement of US dolllars 54 million in 1970 to over US dollars 250 million in 1978. A major role of external financial assistance in Sri Lanka's economy has been to augment the resources for investment and partly to meet balance of payments constraints. However, in recent times,foreign aid as a major resource for investment has assumed considerable importance.

V. DEVELOPMENT OBJECTIVES AND UNDP ASSISTANCE

48. The development objectives of the Government have been outlined above. The SCP does not attempt to cover all of Sri Lanka's development activities but focusses primarily upon those sectors of critical importance where the Government considers UNDP assistance useful. The SCP has taken into consideration and complements capital and technical assistance resources provided by other bilateral and multilateral sources.

49. The four sectors of concentration in the SCP are the following: Agriculture (including fisheries and forestry); infrastructure (economic overheads); Education, Employment, Health (Social Overheads);and Industry and Trade. These are the sectoral classifications used in the Government's Public Investment Programme document. Sectoral activities are also included within the following Government lead projects: The Accelerated Mahaweli Development Programme, the Urban Renewal and Housing Programme,and the Free Trade Zone development under the aegis of the Greater Colombo Economic Commission (GCEC).

A. Agriculture

50. Agriculture is the dominant sector offering large scope for expansion of output and employment. Government objectives in this sector include: increasing agricultural production, attaining maximum possible degree of self-reliance (paddy, milk, sugar, fish, etc.) contributing to improving nutritional standards, expansion of export earnings (traditional and minor export crops), and increase in agricultural employment levels.

51. While agricultural production is expected to increase during 1979-1983 compared to the growth rate over the previous years, importation of specific agriculture products however continue to be required to meet increased demands and population growth. To help attain a satisfactory growth rate, especially for these products being imported, the Government requires assistance to expand its research.

and extension services, its agricultural credit facilities, its marketing facilities and to improve irrigation systems especially in the area to be coverd by the Mahaweli Ganga Development Programme.

52. Applied research, staff training, and expanded extension services to farmers are some of the areas for which external inputs have been requested. Production can be increased through improved inputs and information on recent agriculture developments. The National Research, Extension and Training project has been assisting the Department of Agriculture in its reorganization and improvement of its research and extension services to farmers. It has concurrently provided complementary technical assistance to the IBRD financed Agriculture Development and Adaptive Research projects.

53. A two phase project in Strengthening Plant Protection Services has been assisting the Department of Agriculture to reduce crop losses due to pests and diseases through intensive research and training activities. A Seed Production and Certification project has helped the Government to develop a sound programme for producing, testing and distributing quality seed for paddy and other crops. To improve the efficiency of rice processing and the quality of milled rice, the Rice Processing Development project, through research and training programmes, has provided technical services to Government and private millers.

54. The Government has committed itself to emphasising the development of crops which were given less attention in the past. The soybean industry is assisted by the Soybean Development project. In collaboration with UNICEF and CARE, a production, processing and marketing programme is being conducted to supply high quality edible protein. Another area of high growth potential is fruit production. The Horticulture Development project will work with the Government in establishing a network of plant supply centres as well as research, training and extension services of eight commercial fruit crops.

55. The Government policy is also directed towards increasing export earnings. The projects providing research equipment and expertise to the Tea, Rubber and Coconut Research Institutes have helped increase production of these crops through research on such areas as higher yielding varieties, plant production, and improved processing. The new project to Establish a Maintenance and Repair Unit for Electrical and Electronic Equipment with the Ministry of Plantations is designed to develop the capacity to effectively maintain and repair this equipment. Technical assistance has also been provided to the Ministry of Plantations to Strengthen its Biological Control activities against pests in the tree crops sub-sector. Since 1968, the UNDP has assisted in the identification, research and extension of Minor Export Crops. Assistance will continue to be required in expanding its extension activities and develop multi-disciplinary programmes for crop production and protection. Sericulture Development has both considerable export and employment generating potential. The project will assist in expanding silk breeding, silk processing, sericulture extension activities and silk products manufacturing.

56. Sri Lanka has some 8.3 million acres of forest land representing approximately 45 percent of the land area. There is increasing concern about the diminishing forest lands and the resulting of erosion and fuelwood problems. To help the forestry management, reforestation and forest plantation programme, UNDP resources will be used to produce a forest inventory. Inputs will also be provided to establish a School for Sawmill Operations.

57. The Ministry of Lands and Land Development will utilize UNDP assistance in advising on land administration and land use through the Land Use Planning Unit. The Government also intends to establish a network of training institutions to train multi-disciplinary teams of administrators, planners, extension staff and community leaders in the Planning and Management of Agricultural settlements.

58. Animal husbandry is receiving external assistance from bilateral sources and the World Bank. The UNDP resources are supplementing the dairy development programme through Tropical Pasture research and the establishing of a Pasture Improvement Unit. To further assist in the developing of adequate feed for cattle, the Government will also consider, with UNDP inputs, possible alternative Nonconventional Feed Sources. Assistance will continue through 1980 for the research and training in the field of Reproductive Disorders.

59. Fishing is a major industry in Sri Lanka and, a main source of employment and resource for persons in most coastal areas. The country's fish production of 160 thousand tons, however, meets less than half the country's requirements. The country's fishing fleet is largely unmotorized and the fishing techniques result in low productivity. Assistance has been provided towards the establishment of a modern skipjack industry using live bait from coastal waters through the Fisheries Development Project. Further assistance is being requested to provide consultancy services in the fields of hydro graphic and coastal investigations for the Design of Fishing Harbours.

60. The potential for inland fishing in irrigation tanks, rivers and encatchment areas has not yet been properly exploited. An Aquaculture Development project will assist the Government in establishing a pilot aquaculture demonstration and training centre for fresh and brackish water fish farming. The Government has also requested advisers to help manage and provide in-service training for the posts of Director of the Fish Technology Institute and the Director of the Department of Training.

61. Most of the development activities in the agriculture sector relate to the Accelerated Mahaweli Development Scheme. All relevent development ministries will be assisting the programme in its "down-stream" activities. Of particular relevance to the Programme is the establishment of an Experimental Demonstration and Training Farm for Irrigated and Rainfed Agriculture in Mahaweli System "B". The farm will collect data on crops and cropping systems, land and water management techniques and integrated crop-livestock-fish farms appropriate to the area.

62. UNDP resources will also be provided to assist the Government in the establishment of an Agriculture Research Council designed to co-ordinate all agricultural research activities in Sri Lanka.

B. Infrastructure (Economic Overheads)

63. It is recognized that effective development activities require an adequate national infrastructure. The administrative system requires the capability of planning and implementing Government policies and programmes. Transport, power telecommunications and shipping, primarily under public ownership and management in Sri Lanka, must keep pace with the needs of the country's expanding economy. The importance of these activities is reflected in one third of the Government's total investment being directed towards this sector during the period 1979-1983. Many of the projects are directly complementary to the three "lead" projects.

64. Large capital investments into this sector are provided by bialteral and World Bank and Asian Bank sources for such activities as highway maintenance and construction, vehicles and carriages for bus and rail passenger transportation, hydro and oil power stations, rural electrification, postal and telecommunication systems, shipping, ports development, ship-building and repair and tourism (hotel development). UNDP resources have been committed for more technical assistance inputs.

65. Because of the diverse nature of the infrastructure sector, UNDP activities may lack focus. However, the Government is using UNDP sources in areas of critical need such as development planning, administrative training, strengthening of civil aviation facilities and management and technical advisory services to various

Government authorities such as the Mahaweli Ganga Development Programme, the Urban Development Authority, the Greater Colombo Economic Commission and the Department of Telecommunications, to strengthen the capacity of these Government organizations.

66. UNDP resources have been utilized in the field of development planning for some time. However, the Public Sector Investment Programme document has identified the building of project preparation and evaluation and planning capacity in the Ministry of Finance and Planning and allied Ministries as a priority. Therefore, it is intended to merge the Macro-economic Framework for Development Planning and the Strengthening of Development Planning projects to strengthen development planning as well as training capability to assist the following Ministries: Rural Industrial Development, Plantations, Coconut, and Social Services.

67. The major share of the Government's Public Sector Investment is directed towards its three lead projects. The Government has requested UNDP assistance to help in the implementation of these projects. The Mahaweli Development Authority established for the co-ordinated implementation of the Accelerated Mahaweli Development Programme has been provided high level expertise in Financial and Operations Management. Furthermore, in-house consultancy services for a two year period of SOGREAH to the Central Engineering Consultancy Bureau (CECB) has assisted in preparation of studies for capital investment and for reviewing engineering studies by bi-lateral and multi-lateral donors for dam construction. Consideration is also being given to the recruitment and placement of expatriate engineers to help the CECB oversee head works construction activities.

68. Government has accorded high priority to the Colombo Master Plan completed in December 1978. The Plan envisaged programmes related to land reclamation and drainage, physical development of transport infrastructure, land clearance and resettlement and physical planning. The Urban Development Authority, established in January 1979 to implement the Plan and carry out similar activities in other major urban areas (Kandy, Batticaloa, Galle and Trincomalee) in urban regional physical planning, design and training, will receive UNDP assistance through 1983. Expertise for the Centre for Housing, Building and Planning will be provided by UNDP to strengthen its capacity to train construction engineers and overseers for the National Housing Department Development programme. Assistance to the GCEC is covered under the Industry and Trade sector of this document.

69. A higher volume of cargo and passenger traffic associated with GCEC and the expanding economy is projected for the future. The ongoing ICAO projects, for Development of Civil Aviation, Radio Navigation and Communication Facilities (phase I and II) have been provided more than $1.9 million of equipment. Further assistance will be given for the management of the National Airports Authority, for strengthening of Flight Safety Facilities and for the development of Flight Calibration capabilities. These inputs will assist in meeting ICAO standards for the Civil Aviation sector.

70. A rapid development of the postal and telecommunications services is envisaged. Sizable investment will be made in this sector by the Government through external assistance. The Government has requested UNDP assistance in the areas of Telegraph and Telex Switching, Traffic Engineering and Maritime Communications.

71. The importance of energy and environment issues in development is well recognised. Committees have been established in Sri Lanka to address these problem areas. UNDP resources have been set aside to provide ad hoc consultancies for policy, legislation and technical expertise required by the Government.

72. Satisfactory project proposals are required to ensure effective utilization of external investment resources. Under the Multi-Sectoral Programme for Project Preparation executed by the World Bank, feasibility studies have been prepared and consultancy services relating to capital investment provided. Areas in which studies

are being prepared include: Dry Zone Farming, Farm Power and Sugar Production. Inputs linked to capital investment include: Technical Assistance to the Mahaweli Development Programme; Small and Medium Scale Industries, and Re-organization of the Bank of Ceylon. An annual replenishment of some $400,000 is being requested from UNDP.

73. Other areas in which the UNDP has been providing assistance are strengthening the Coastal Conservation Programme; Action and Research Training in Rural Development; Advisory Services in Convention Promotion and Conference Organization; short term expertise in Hotel Classification and assistance to the Academy of Administrative Studies. UNDP will also assist the Government in establishing an Archaeological Research Laboratory to support the Government/UNESCO plan of action for Monuments and Sites under the Cultural Triangle. A sizable fellowship programme has been implemented covering subjects such as Tax Administration; Rural Development; Data Processing; Public Service Management; Establishment of Operations Room and Regional Planning.

74. Statistical data is a critical requirement for monitoring development activities and to assist policy planning in the decision making process. Assistance to the development of an Integrated National Statistical System will be provided to assist the Government in conducting the 1981 Census as well as establish linkages with all development ministries. The Government has established a Centre for Development Information to provide a repository for all development studies conducted in Sri Lanka to ensure their full utilization and avoid duplication of studies. UNDP assistance has also been provided to the Sri Lanka Scientific and Technological Information Centre to ensure national researchers have access to relevent and up-to-date scientific information.

C. Education, Employment and Health (Social Overheads)

75. Social services are provided free of charge to the population in order that every individual might be able to meet his/her basic needs in terms of employment, education, health, welfare and security. In this context, the Government is committed to the improvement of social services and more equitable development and distribution of these benefits within an expanding economy.

76. Emphasis in the social overheads sector is on employment generation and training. Employment creation for the more than 1.0 million unemployed will result largely from the development of the three "lead" projects and the planned growth of the industrial and agricultural sector. A major effort is being made to devise education and training policies and programmes to meet the country's development goals. Appropriate efforts are being made to match job opportunities and the structural features of the unemployed through the establishement of a centralised Job Bank.

77. Employment generation is accompanied by a growth in the need for skilled manpower. The Government has established a number of institutes and programmes with various ministries to provide training in wide array of skills and levels. UNDP will provide assistance by strengthening these programmes. A Central Vocational Skills Development Centre was established to provide vocational training in most major skills. Further assistance is being requested to provide training in two new trades, building construction and refrigeration. To build up vocational skills of relevance to regional requirements, District Vocational Skills Development Centres will be established in each district. The initial Centres will likely to be funded from bilateral sources after which UNDP's resources will finance six additional Centres. A Vocational Training Staff Development project will help to establish a centre to train staff and develop curriculum for the proposed district Centres. Vocational training will also be strengthened through the Development of Apprenticeship Training Programmes project with the Ministry of Youth Affairs and Employment. Considerable UNDP resources have been provided for Hotel Management Training. National diploma level technical

education will be provided through the upgrading and Expansion of Polytechnics project under the Ministry of Higher Education. UNDP may contribute technical assistance inputs for possible collaboration with financing from other external assistance resources. Degree level training in most engineering fields has been strengthened by the large scale project for Industry-Oriented Training at the University of Moratuwa which will terminate in 1981. These activities have been supplemented with technical correspondence courses under the Sri Lanka Distance Education Programme (SLIDE). These programmes will be expanded to cover an increased number of technical subjects through Assistance to the Technical Education Programme of the Open University project. This new institution will provide education for those individuals unable to be accommodated in the existing university system.

78. An aim in the Government social welfare programmes and activities is the protection of individuals against risks of a social or occupational character. The Sri Lanka Institute of Occupational Safety and Health and Environment Protection, project fianamced by DANIDA and executed by ILO, has helped to establish some standards and monitoring systems for working conditions. Assistance to this project terminated in 1979. The Worker's Education project will strengthen the Government's programme to educate employees of their responsibilities and rights. The Government intends to launch a Social Security Programme which will ensure financial benefits upon retirement. UNDP will help the Government to design and implement the system. Assistance is also being requested to enlarge the programme for Vocational Training for Physically Handicapped to foster their participation in the labour force through the learning of appropriate skills.

79. In the field of education, the Government's strategy for the period 1979 through 1983 is the consolidation and improvement of the quality of general education and the reduction of disparities prevailing under existing facilities. Expansion of the opportunities for further development of an individual's abilities and skills is to take place in step with development needs. In addition to UNDP assistance being provided to the Ministry of Higher Education mentioned above, the Science Education project will assist the Government in science curriculum development, teacher training and equipment production for primary and secondary school levels.

80. Increased emphasis is being placed on preventive health care, organisational changes in curative services and restoration of the existing health care infrastructure to full operational effectiveness. Because of the critical shortage of doctors in the medical system, especially in the peripheral health units, some 150 UN Volunteer doctors have been providing Technical Assistance in Strengthening of Health Services as general practitioners and specialists in the rural areas. The Government is concurrently involved with the expansion of its medical training facilities to produce the required staff for the medical system and UNDP assistance has been requested to assist the National Institute of Hygiene and the training of Assistant Medical Practitioners.

81. Most of the country's health problems stem from preventable diseases resulting from improper environmental sanitation, unsafe water supplies and sewage disposal, poor food hygiene and vector control. The UNDP has provided, since 1960, assistance in Vector Control research and management to more effectively control the incidence of mosquito borne diseases. With the expansion of adequate and safe water facilities in urban and rural areas, the Government has requested technical expertise be assigned to the National Water Supply and Drainage Board to assist in the design, and supervision of new facilities and to improve the maintenance and repair servicing of existing systems.

D. Industry and Trade

82. In 1978 Sri Lanka's industrial output growth was 11 percent as compared to 1 percent growth in 1976 and 1977. This growth has resulted mainly from the economic reforms in 1977. The manufacturing sector has greatly increased its economic activities with the liberalisation in imports and raw materials and capital goods and the competition of locally manufactured goods with imported goods. However, problems such as limited size of domestic markets, depressed demands as well as technical and management short-comings have adversely affected its capacity and utilisation.

83. The industry sector is a major source of employment and foreign exchange revenue. The broad strategy to increase industrial development is to evolve a pattern at investment and output with emphasis on the following: further development of export-oriented industries inside and outside the investment promotion zones; promotion of small and medium scale industries, particularly in rural areas; expansion of industries supplying articles for mass consumption with an emphasis upon improvement of quality control; and development of industries based on indigenous raw materials. Increased attention will also be accorded to the private sector and incentives designed to stimulate both local and foreign private investment.

84. Consistent with the strategy of export-oriented industrial growth, the Greater Colombo Economic Commission was established in January 1978 with broad powers and authority within Investment Promotion Zones. The institution has been commissioned to attract foreign capital investment thereby increasing exports, output and employment. The ongoing Assistance to the GCEC project has helped the Commission to formulate its industrial development and investment promotion programme as well as strengthen its feasibility planning of infrastructure and facilities. Further assistance in construction management and feasibility study preparation (highway and bridges) will be provided through 1980. The Investment Promotion Services project has enabled the GCEC to establish and maintain an office for industrial promotion services in New York through 1981.

85. Small and medium scale industry development has been encouraged through various incentive schemes and improved technical service facilities. Supplementing an IDA and Government financial credit scheme for Small and Medium Scale Industry, UNDP assistance is strengthening the loan assessment capability of corporate banking institutions and technical assistance and extension services of the Industrial Development Board. Furthermore, the Development of Small and Medium Scale Industrial Enterprises project with the Bank of Ceylon is building the loan evaluation and business advisory capacity in collaboration with an IFC credit of $2.0 million. The textile industry, faced with low productivity, poor quality control and insufficient capacity utilization can be serviced through the Textile Industry Development project focussing on management and production aspects.

86. In keeping with the policy to develop industries based upon local raw materials, the following three projects have been requested: Expertise for the Ceylon Mineral Sands Corporation to conduct an assessment of the potential of ilmenite sands for industrial processing; a second project, Research and Development for Utilization of Rubber and Coconut Wood, to establish methods of processing to increase utilization of existing resources and improve quality control to ensure consumer acceptance; and assistance to the Ceylon Mineral Development Corporation in Exploration, Evaluation and Development of Graphite and Phosphates.

87. Industrial growth can be increased by improved management and more effective utilization of existing facilities. The National Institute of Business Management was established as the Management Development and Productivity Centre with UNDP assistance in 1967. The current team of advisers is providing assistance to

consultancies in corporate management, industrial application of computer, and project preparation and evaluation to public corporations, to small and medium scale industries and to various development ministries. The Plywood Corporation has received UNDP assistance in Saw Doctoring, Engineering Maintenance and Management, and Operations Management to increase the low productivity patterns.

88. In view of the high priority accorded to export promotion a National Export Development Board has been established to assist the Government in proposing and implementing measures to expand Sri Lanka's trade. UNDP assistance will be used to provide expertise in corporate management, marketing, trade promotion and in the identification and development of products with export potential.

VI. RELATIONSHIP WITH ACTIVITIES AT THE INTER-COUNTRY AND GLOBAL LEVEL

89. The UNDP inter-country programme for Asia and the Pacific is oriented towards development issues of a regional nature. Resources are used to supplement and complement national development activities.

90. Although only a few national projects assisted by the UNDP have direct linkages to inter-country and global projects, full use has been made of these resources for Sri Lanka's national development programme. Regional training programmes and study tours, such as the acquaculture and bio-gas tours to the People's Republic of China, have been instrumental in initiating new ideas and new development approaches. Attendance at regional workshops and seminars, especially those dealing with policies and action programmes on issues such as rural development, energy and environment, have enabled Sri Lankan officials and professionals to be kept informed of and to contribute to developments in these fields. These workshops have helped to produce national programmes for implementation. Regional expertise through the regional advisory system has helped to give short-term technical advice as well as assist the Government in preparing studies and project proposals for bilateral or multi-lateral funding. Sri Lanka has also participated in the special LDC inter-country programme activities by providing hotel training for 60 Maldivians.

91. Some linkages exist between national UNDP financed projects and the inter-country and global programmes. Areas of mutual interest include the following: fisheries development, acquaculture development, forestry inventory, coarse grains, coconut cultivation, distance education, research in tropical diseases and telecommunications development.

92. The presence of three regional projects in Sri Lanka and the large number of seminars and workshops hosted by Sri Lanka has facilitated linkages with regional activities.

93. The Government recognizes the usefulness of the inter-country and global projects financed through the UNDP and will continue to support and participate in those areas of relevance to its development priorities and goals.

VII. SIGNIFICANT FEATURES OF THE SCP

A. Focus of the SCP

94. The SCP is primarily focussed upon the tangible transfer of technology, skills and know-how which contribute to the building of national capabilities and self-reliance. Relevant expertise, training and equipment inputs emphasise human resources development, a basic underlying theme of all SCP projects.

95. Fully recognizing the need for a judicious use of the IPF resources the Government has given due consideration to the issues of concentrating UNDP resources on selected activities and sectors. However, of greater importance, is the aligning of external and internal resources with development requirements. The nature of the Government's development programme and goals has been described in Chapter IV, above. The development needs, particularly as they relate to supporting the "lead" projects, are wide spread. UNDP resources therefore have been carefully allocated to yield maximum impact while taking into consideration other bilateral and multilateral sources. The SCP focusses upon specific development objectives in four sectors of concentration matching UNDP's and others' resources to areas of the Government's development programme requiring assistance.

B. Characteristics of the SCP

96. Table I described the sectoral distribution of UNDP resources in the SCP. Using the sectoral classifications of the Public Investment Programme, the SCP is allocated, in descending order of magnitude, in the following manner: infrastructure (35 percent). agriculture (30 percent), health, education and employment (25 percent), and industry and trade (10 percent). As infrastructure includes activities relating to pre-investment, programme support and institutional support of multi-sectoral nature, agriculture is the single largest sector receiving UNDP assistance. UNDP resources to the industry and trade sectors have increased substantially from the FCP.

97. In accordance with UNDP Governing Council guidelines, Annex IV provides a breakdown of the distribution of UNDP resources according to the UN sectoral classification system. This indicates that priority is given to agriculture (30 percent), education (10 percent), human settlements (8 percent), development policy and planning (8 percent), health (7 percent), industry (6 percent) and employment (5 percent). More than 50 percent of UNDP resources provide direct support assistance to the Government as a primary function thereby showing the focus of UNDP inputs towards programme implementation. One-third of resources are devoted to institution building activities.

98. A major portion of SCP resources for the country programming exercise were already committed to ongoing and approved projects ($31.8 million or 62.7 percent of programmed resources). Table I shows that only $2 million (4 percent) was linked to projects contained in the FCP document and another $9 million (18 percent) to projects initiated during the FCP period but not contained in the FCP document. The remaining amount of committed resources were programmed and approved on a careful case-by-case basis since the commencement of the SCP period in 1977.

99. The Government and donor agencies have identified project preparation as an important requirement for mobilizing investment. Thus, in addition to providing technical and managerial assistance in specific project areas, attention will also be given to assisting the Government in preparing projects for further investment in these areas by international financing institutions including IFAD. SCP resources have been allocated for six projects designed to improve the planning and project preparation capacity in the Government and development ministries. Almost $4.0 million has been earmarked from the SCP for the preparation of feasibility studies under the IBRD-executed "Umbrella Programme". Thus, pre-investment activities continue to form an important part of the technical co-operation activities financed by UNDP.

100. In keeping with the Government's policy of decentralization and its emphasis upon rural and regional development, a large proportion of new SCP projects will be devoted to development activities outside of the major urban centres of Colombo and Kandy. Projects initially of an institution-building nature will be expanded to incorporate extension and rural development activities.

TABLE I

DISTRIBUTION OF SCP RESOURCES USING SECTORAL CLASSIFICATION OF THE PUBLIC INVESTMENT PROGRAMME

Sector	FCP projects continued into SCP period			Projects initiated during SCP period			Total ongoing projects			Pipeline projects agreed prior to SCP			New projects included in SCP			TOTAL All projects		
	No.of proj.	$	%	No.of proj.	$	%	No.of proj.	$	%	No.of proj.	$	%	No.of proj.	$	%	No.of proj.	$	%
Agriculture	21	5,691	51	9	3,311	17	30	9,002	30	1	300	15	19	6,143	33	50	15,445	30
Social Overheads	9	2,316	21	9	4,261	23	18	6,577	22	4	1,090	55	10	4,800	25	32	12,467	25
Infrastructure	13	2,938	26	31	9,422	51	44	12,360	42	4	606	30	15	4,570	24	63	17,536	35
Industry	10	224	2	8	1,663	9	18	1,887	6	-	-	-	6	3,425	18	24	5,312	10
TOTAL	53	11,169	100	57	18,657	100	110	29,826	100	9	1,996	100	50	18,938	100	169	50,760	100
Percentage of Programmed Resources		22.0%			36.8%			58.8%			3.9%			37.3%			100%	

101. In the selection of the projects, full account has been taken of the experience and flexibility of "New Dimensions" of UNDP assistance. Further use of such inputs will be incorporated during the project formulation and project implementation stages. Cost sharing will be introduced as new concept of technical assistance during the SCP. Resources have also been allocated for the transfer of knowledge through expatriate nationals (TOKTEN), an approach which succeeded in other countries such as Turkey.

C. Global Themes

102. The Government is committed to the global development priorities established by inter-Governmental bodies and the UNDP Governing Council: i.e. attention to the needs of the poorest segments of society; promotion of women's role in development, concern for environment questions, promotion of technical co-operation among developing countries;and utilization of appropriate technology. These issues served as a backdrop to the consideration of projects for inclusion in the SCP. During the project formulation stage, the Government will rely upon the UN system to advise on how UNDP technical co-operation could effectively support these global priorities as they are linked to and consistent with the country's national development efforts.

103. Projects contained in the SCP are listed on a sectoral basis in Annex II attached. The ongoing project sections includes all those for which there are signed project documents. The new project sections include proposals for which project documents are yet to be finalised. A limited number of the new projects, appropriately marked with asterisks, were already agreed upon for UNDP assistance prior to the SCP exercise. A list of reserve projects is also provided to be brought into the SCP when resources become available.

FINANCIAL SUMMARY

I. Resources taken into account for programming

1. Resources available

(i)	1977-81 IPF	$31.5	
(ii)	Less 1972-76 IPF overexpenditure	$(2.8)	
(iii)	Plus borrowing from 1982-86 IPF	$ 2.0	
(iv)	Plus 1982-83 estimated IPF availability	$16.0	
	Sub-Total		$46.7
(v)	Plus 15% provision for adequate programming		$ 5.7
	Total resources taken into account for programming		$52.4

II. Use of Resources

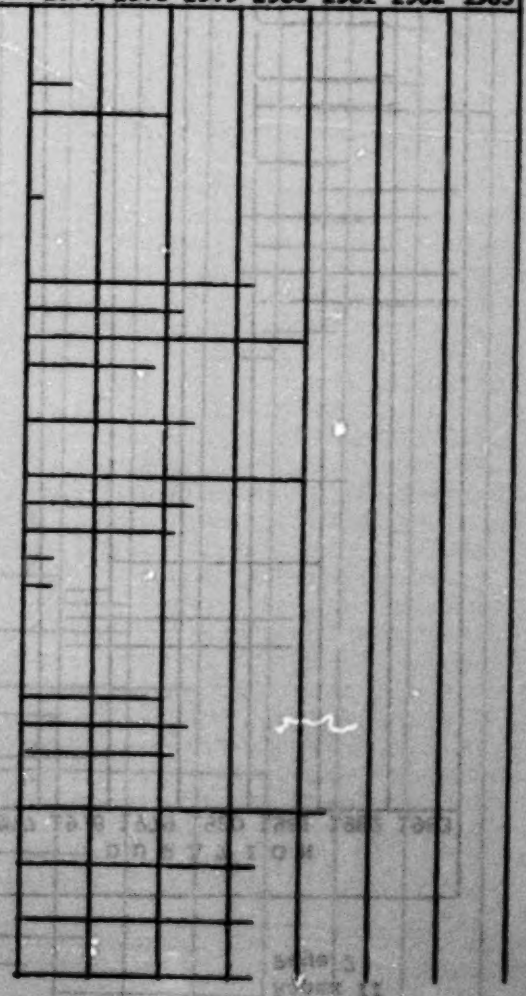
1. Programmed (all sectors)

(a)	Ongoing projects	$29.8	
(b)	New projects	$21.0	
	Sub-Total		$50.8
2.	Reserve		$ 1.6
	Total Resources Programmed		$52.4

LIST OF PROJECTS

SECTOR: AGRICULTURE (including Forestry & Fisheries)

PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)
ONGOING PROJECTS	
1. Agrarian Research & Training Institute (SRL/69/514)	38,087
2. Seed Production & Certification (SRL/70/007)	82,066
3. Agricultural Diversification of Uneconomic Tea & Rubber Lands (SRL/70/522)	(4,917)
4. Farm Mechanization (SRL/71/030)	21,968
5. Demonstration & Training Plant Block Rubber based on Smallholders' Latex (SRL/71/526)	(63)
6. Rice Processing Development Centre (SRL/71/531)	390,184
7. Research & Experimentation on Minor Export Crops (SRL/72/026)	145,548
8. Sericulture Development (SRL/72/027)	92,672
9. Fisheries Development (SRL/72/051)	301,491
10. Training in Agricultural Engineering (SRL/72/085)	1,005
11. Soybean Development (SRL/73/007)	419,756
12. Centre for Investigation of Reproductive Disorders of Livestock (CIRDIL) (SRL/73/011)	194,828
13. Strengthening of Plant Protection Services (SRL/74/008)	278,241
14. Tropical Pasture Development (SRL/74/053)	106,274
15. Training in Food Technology (SRL/75/006)	4,823
16. Training in Agricultural Economics (SRL/75/013)	6,116
17. Cashew Industry Study Tour (SRL/75/017)	(321)
18. Study Tour Dairy Development (SRL/75/038)	(357)
19. Strengthening Biological Control Activities on Pests & Coconut & Other Assisgned Plantation Crops (SRL/75/041)	123,828
20. Food, Nutrition & Agricultural Policy (SRL/75/042)	15,334
21. Farm Women's Agricultural Extension (SRL/75/046)	46,703
22. Reorganisation of National Research, Extension & Training Resources for Agriculture (SRL/75/058)	1,835,760
23. Expertise & Equipment for the Rubber Research Institute (SRL/75/074)	450,900
24. Expertise & Equipment for the Coconut Research Institute (SRL/75/075)	644,259
25. Expertise & Equipment for the Tea Research Institute (SRL/75/076)	353,355



LIST OF PROJECTS

SECTOR: AGRICULTURE (Including Forestry & Fisheries) Contd.

	PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)	DURATION 1977 1978 1979 1980 1981 1982 1983
26.	Agricultural Diversification (SRL/76/005)	148,375	
27.	Study Tour - Commodity Studies (SRL/76/007)	3,029	
28.	Inland Fisheries Fellowship (SRL/76/020)	80,158	
29.	Research & Experimentation on Minor Export Crops (Phase II) (SRL/77/009)	814,261	
30.	Plant Protection Services (Phase III - Research) (SRL/78/006)	856,508	
31.	Integrated Farm Development - Mahaweli Area (SRL/78/018)	4,628	
32.	Soybean Development (Phase II) (SRL/78/025)	1,229,390	
33.	Irrigation & Water Management in the Mahaweli Area P.A. (SRL/78/027)	1,000	
34.	Tropical Pasture (Phase II) (SRL/78/028)	317,850	
	Sub-Total	9,002,792	
NEW PROJECTS			
1.	Research & Experimentation on Minor Export Crops (Phase II) (SRL/79/010)	900,000	
2.	Horticulture (Fruit) Development Project (SRL/79/011)	1,000,000	
3.	Agro-Research Experimental Farm in Mahaweli (System B) (SRL/79/012)	800,000	
4.	Soybean Development (Phase III) (SRL/79/013)	200,000	
5.	Forestry Inventory of Sri Lanka (SRL/79/014)	200,000	
6.	Training for Planning & Management of Agricultural Settlements (SRL/79/015)	100,000	
7.	School for Saw Mill Operators (SRL/79/016)	300,000	
8.	Strengthening of Planning Division of Ministry of Plantation Industries (SRL/79/017)	200,000	
9.	Sericulture Development (SRL/79/018)	500,000	
10.	Maintenance & Repair Service for Electrical & Electronic Research & Training Equipment in Agricultural Sector (SRL/79/019)	275,000	
11.	Strengthening of Planning Division of Ministry of Rural Industries (SRL/79/020)	200,000	

LIST OF PROJECTS

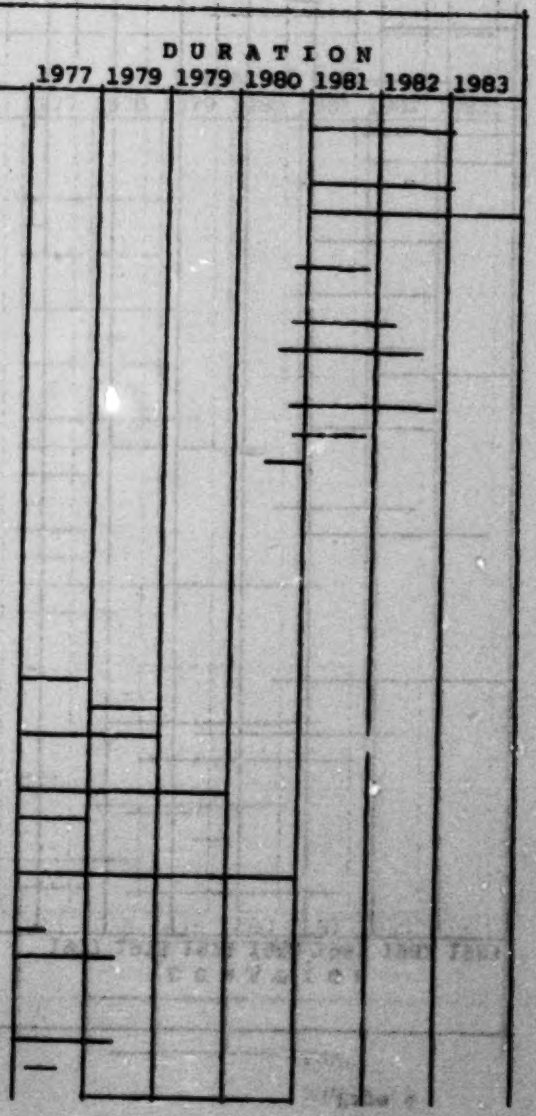
SECTOR: AGRICULTURE (Including Forestry & Fisheries) Contd.

	PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)
12.	Strengthening of Planning Division of Ministry of Coconut Industries (SRL/79/021)	200,000
13.	Assistance in Building a Coconut Extension Service (SRL/79/022)	200,000
14.	Aquaculture Development & Training (SRL/79/023)	650,000
15.	Consultancy Services for Design of Fishery Harbour Anchorages & Stabilisation of River/Lagoon Outlets (SRL/79/024)	100,000
16.	Organisation of Directorate of Fisheries Training & Management of Fisheries Training Institutions (SRL/79/025)	75,000
17.	Director Fish Technology (SRL/79/026)	100,000
*18.	Technical Assistance in Organising a Land Use Planning Division (SRL/79/058)	300,000
19.	Nonconventional Feeds (SRL/79/063)	100,000
20.	Agriculture Research Councils (SRL/79/064)	18,000
	Sub-Total	6,443,000
	Sector Total	15,445,792

SECTOR: SOCIAL OVERHEADS (Education, Employment & Health)

ONGOING PROJECTS

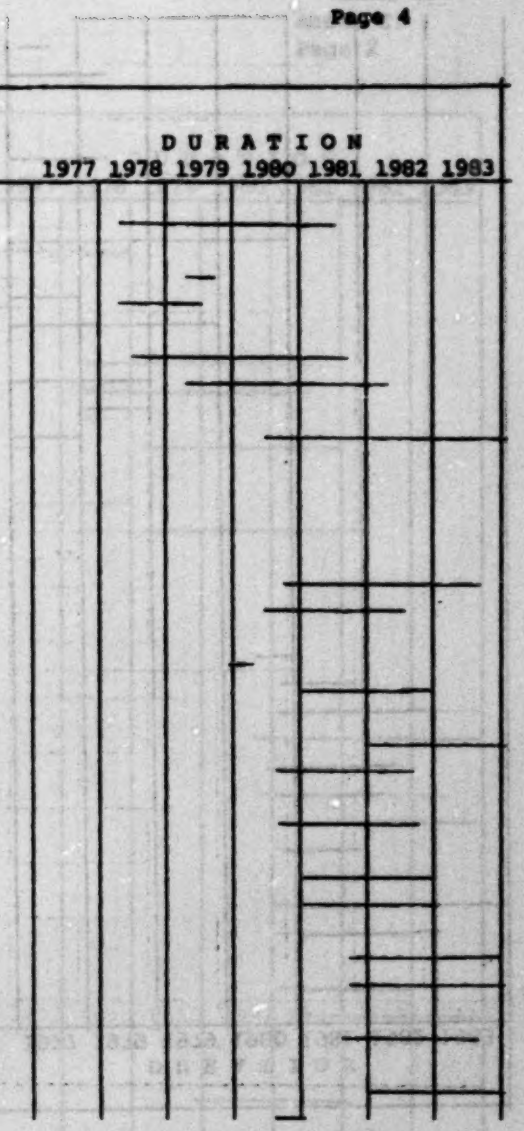
1.	Vector Control (SRL/72/039)	80,614
2.	Fellowship in Labour Statistics (SRL/72/043)	20,730
3.	Radiobiology Unit, Faculty of Medicine (SRL/72/045)	4,937
4.	Purchase of Equipment for Training of the Physically Handicapped (SRL/74/012)	27,790
5.	Expert in Labour Statistics (SRL/74/029)	56,103
6.	Industry-Oriented Training at the University of Moratuwa (SRL/74/072)	1,965,114
7.	Educational Planning with special reference to provision of Class-Room Materials (mainly books) (SRL/75/015)	5,313
8.	Correctional Training (SRL/75/025)	72,785
9.	New Mathematics (SRL/75/032)	760
10.	Expert in Technical Education (Correspondence Courses) (SRL/75/066)	103,582
11.	Study Tour Educational Reforms (SRL/76/008)	6,730
12.	Vector Control - Phase II (SRL/77/013)	445,316



LIST OF PROJECTS

SECTOR: SOCIAL OVERHEADS (Education, Employment & Health) Contd.

PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)
13. Sri Lanka Institute ot Distance Education (SRL/77/017)	419,180
14. Study Tour of Polytechnical & Tertiary Level Educational Institutes (SRL/78/009)	14,000
15. Fellowship in Educational Planning (SRL/78/011)	10,234
16. UNV Technical Assistance in Strengthening of Health Services (SRL/78/020)	965,750
17. National Water Supply & Drainage Board (SRL/78/023)	657,150
18. Assistance to the Technical Education Programme of the Open University of Sri Lanka (SRL/78/034)	1,720,470
Sub-Total	6,576,558
NEW PROJECTS	
* 1. Science Education (SRL/79/007)	800,000
* 2. Workers' Education (SRL/79/008)	270,000
* 3. Training for the Establishment of a National Theatre (SRL/79/009)	10,000
4. Vocational Training Staff Development Programme (SRL/79/027)	475,000
5. Development of Skills Training Programme in Rural Areas (SRL/79/028)	625,000
6. Adviser in Social Security Planning (SRL/79/029)	150,000
7. Central Vocational Skills Development Centre (Phase II) (SRL/79/030)	300,000
8. Research & Planning Unit and a Diagnostic & Classification Centre (Dept. of Probation & Child Care) (SRL/79/031)	125,000
9. Vocational Training for Physically Handicapped (SRL/79/032)	175,000
10. Technical Assistance in Strengthening Health Services (Phase II) (SRL/79/033)	1,100,000
11. Expansion of Facilities at three Polytechniques (SRL/79/034)	850,000
12. Development of National Institute of Health Sciences & Training of Assistant Medical Practitioners (SRL/79/035)	500,000
13. Development of Apprenticeship Training Programmes, Methods & Materials (SRL79/037)	500,000
*14. Local Authority Study Tour- China (SRL/79/059)	10,000
Sub-Total	5,890,000
Sector Total	12,466,558



LIST OF PROJECTS

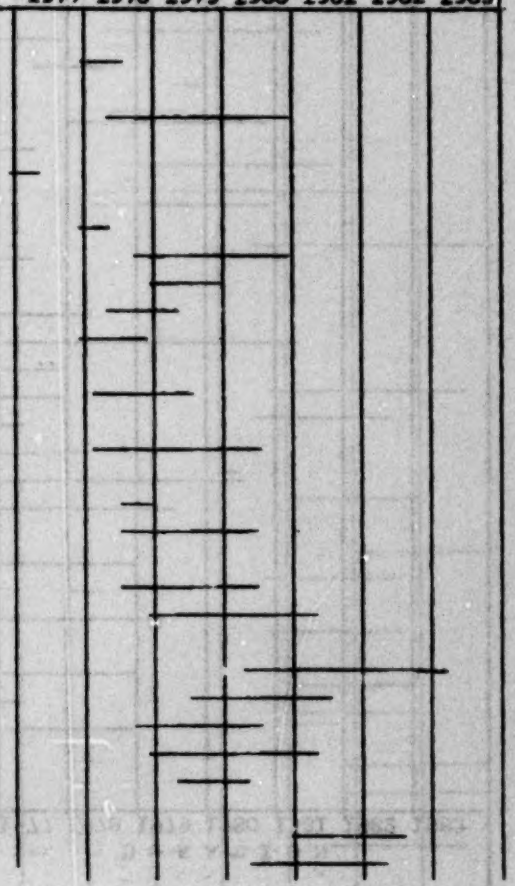
SECTOR: INFRASTRUCTURE

	PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)	DURATION 1977 1978 1979 1980 1981 1982 1983
	ONGOING PROJECTS		
1.	Institute of Surveying & Mapping (SRL/66/511)	15,154	
2.	Telecommunication Training Centre (SRL/71/527)	20,176	
3.	Colombo Master Plan Project (SRL/71/128)	816,728	
4.	Increasing Effectiveness of the Academy of Administrative Studies (SRL/72/023)	33,727	
5.	Groundwater Exploration (SRL/74/030)	24,240	
6.	Development Planning Programme (SRL/74/065)	519,606	
7.	Development of Civil Aviation, Radio Navigation & Communication Facilities (SRL/75/005)	703,102	
8.	Special Support Project (SRL/75/022)	75,687	
9.	Fellowship in Maritime Studies (SRL/75/026)	10,944	
10.	Fellowship in Agricultural Statistics (SRL/75/043)	4,729	
11.	Fellowship in Tax Administration (SRL/75/047)	7,425	
12.	Fellowship in Rural Development (SRL/75/056)	11,172	
13.	Hotel & Catering Training (SRL/76/004)	695,128	
14.	Fellowship in Data Processing (SRL/77/002)	9,219	
15.	Fellowship in Employment & Human Resources Planning (SRL/77/003)	6,722	
16.	Sri Lanka Scientific & Technological Information Centre (SRL/77/004)	383,081	
17.	Fellowship in Employment & Human Resources Planning (SRL/77/006)	5,800	
18.	Fellowships in Tax Administration (SRL/77/007)	144,425	
19.	Fellowship for Participation in the Inter-Regional Seminar in the Field of Telecommunications (SRL/77/008)	5,023	
20.	Study Tour of Electronics Switching Systems (SRL/77/011)	13,908	
21.	Multi-Sector Programme of Project Preparation (Sri Lanka Umbrella Programme) (SRL/77/012)	2,552,000	
22.	Radio Active Tracer Techniques for Coastal Sedimentology (SRL/77/014)	168,591	
23.	Preparation of Macroframe for Development Planning (SRL/77/015)	235,284	

LIST OF PROJECTS

SECTOR: INFRASTRUCTURE Contd.

	PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)	DURATION 1977 1978 1979 1980 1981 1982 1983
24.	Preparation of Employment Strategy Plan (SRL/77/016)	46,600	
25.	Development of Civil Aviation, Radio Navigation & Communication Facilities (SRL/77/018)	955,940	
26.	Training in Tariff Principles & Traffic Accounting (SRL/78/001)	4,812	
27.	Adviser in Convention Promotion & Conference Organisation (SRL/78/002)	7,211	
28.	Development of Coast Conservation Programme (SRL/78/003)	33,744	
29.	Adviser in Computer Systems (SRL/78/005)	26,760	
30.	Training in Statistics (SRL/78/007)	50,348	
31.	Training in Advanced Public Service Management (SRL/78/008)	5,603	
32.	Training in Computer Work - Systems Analysis & Programme (SRL/78/010)	8,600	
33.	Development of Financial Services 7 Logistical & Monitoring Systems for Accelerated Mahaweli Programme (SRL/78/013)	305,512	
34.	Programming Mission for Socio-Economic Studies & Planning (SRL/78/014)	81,596	
35.	Training & Action Research in Rural Development (SRL/78/115)	70,000	
36.	UNV Technical Assistance to the Mahaweli Ganga Development Programme (SRL/78/019)	84,811	
37.	Establishment of Urban Development Authority (SRL/78/122)	1,635,309	
38.	Development of Integrated National Statistical System (SRL/78/024)	1,377,461	
39.	Centre for Development Information (SRL/78/030)	233,850	
40.	Training in Computer Systems (SRL/78/035)	18,000	
41.	Strengthening of Development Planning (SRL/78/038)	460,500	
42.	Permanent Reconstruction of Cyclones Prone Areas (SRL/79/001)	154,000	
43.	Development of Civil Aviation Flight Safety Division (SRL/79/004)	97,095	
44.	Assistance to the National Airport Authority (SRL/79/005)	140,916	
	Sub-Total	12,360,239	



LIST OF PROJECTS

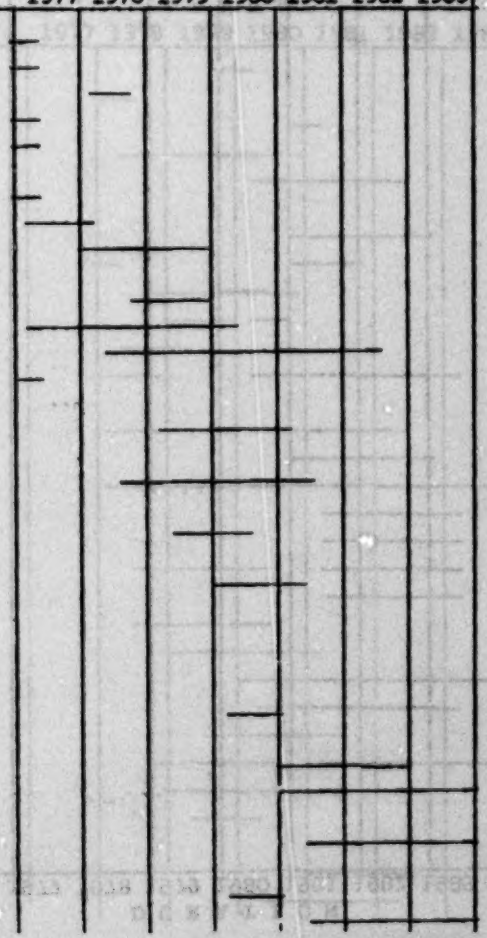
SECTOR: INFRASTRUCTURE Contd.

PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)	DURATION 1977 1978 1979 1980 1981 1982 1983
NEW PROJECTS		
1. Archaeological Conservation Research Laboratory (SRL/79/036)	200,000	
2. Urban Development Authority (Phase II) (SRL/79/038)	1,025,000	
3. Consultant for Centre for Housing Planning & Building (SRL/79/039)	200,000	
4. Engineers for Mahaweli Programme (SRL/79/040)	675,000	
5. Development of Financial Services & Logistical & Monitoring Systems for the Accelerated Mahaweli Programme (Phase II) (SRL/79/041)	400,000	
6. Maritime Communications (SRL/79/042)	150,000	
7. Telegraph & Telex Switching Network (SRL/79/043)	100,000	
8. Traffic Engineering (SRL/79/044)	100,000	
9. Multi-Sector Programme of Project Preparation (SRL/79/045)	1,400,000	
10. Assistance to Environment Authority (SRL/79/046)	50,000	
11. Assistance to Energy Policy Development (SRL/79/047)	50,000	
12. Programme Support through Consultants and Short-Term Training (SRL/79/048)	150,000	
13. District Integrated Rural Development Planning Training Programme (SRL/79/049)	30,000	
14. Adviser in Hotel Classification (SRL/79/050)	25,000	
15. Hotel School Fellowships (SRL/79/051)	15,000	
*16. Establishment of Flight Testing Division (SRL/79/006)	390,000	
*17. Transfer Of Knowledge Through Expatriate Nationals (SRL/79/060)	200,000	
*18. Special Programme Implementation on Planning Regional Implementation (SRL/79/061)	9,000	
*19. Assistance to Plan Implementation for Monitoring Operations (SRL/79/062)	7,000	
Sub-Total Sub	5,176,000	
Sector Total	17,536,239	
SECTOR: INDUSTRY		
ONGOING PROJECTS		
1. Handloom Technician (SRL/70/010)	2,633	
2. Petroleum Products, Testing, Packaging, Handling & Distribution (SRL/73/002)	5,558	

LIST OF PROJECTS

SECTOR: INDUSTRY Contd.

PROJECT TITLE (NUMBER)	INDICATIVE TOTAL UNDP CONTRIBUTION (77-83)
3. National Institute of Management (SRL/73/013)	115,399
4. Timber Prefab Technology (SRL/73/020)	8,360
5. Training in Basic Chemical Industry (SRL/74/002)	5,300
6. Training in Refinery Process Operations (SRL/74/006)	1,698
7. Training in Refinery Inspection Engineering (SRL/74/007)	1,596
8. Modernisation, Expansion & Development of Graphite Mines (SRL/74/033)	1,020
9. Economist (International Trade) (SRL/74/078)	44,790
10. Training in Products Testing (SRL/75/001)	32,800
11. Fellowship in Modern Trends in Heavy Clay Industry (SRL/75/002)	10,600
12. Adviser in Engineering Maintenance & Management (SRL/75/014)	102,049
13. National Institute of Business Management (SRL/77/001)	686,580
14. Fellowship in Small Industries (SRL/77/005)	3,800
15. Development of Small & Medium Scale Industrial Enterpris[illegible] (SRL/78/016)	246,500
16. Training & Participation in Investment Promotion: UNIDO Investment Promotion (SRL/78/017)	172,590
17. Investment Promotion (Free Trade) Zone & Industrial 18 Development : Assistance to the GCEC (SRL/78/021)	250,000
19. Assistance to Ceylon Mineral Sands Corporation Processing of Ilmenite Sands (SRL/78/031)	195,500
Sub-Total	1,885,773
NEW PROJECTS	
1. Construction Management for GCEC(SRL/79/052)	125,000
2. Research & Development for Utilisation of Rubber Wood & Coconut Wood (SRL/79/053)	300,000
3. Assistance to National Textile Industry (SRL/79/054)	650,000
4. Exploration, Evaluation & Development of Graphite & Phosphates (SRL/79/055)	1,250,000
5. Technical Assistance for Developing Highways & Bridges (SRL/79/056)	200,000
6. Export Development Board (SRL/79/057)	900,000
Sub- Total	3,425,000



Ongoing all sectors total 29,826,362
New projects all sectors total 20,934,000
GRAND TOTAL 50,760,362

RESERVE PROJECTS

PROJECT TITLE	(80-83)
SECTOR: AGRICULTURE (including Forestry & Fisheries	
Plant Protection	100,000
Renovation of Facilities - Survey Dept.	100,000
Workshop Extension Project - Borupane	50,000
Consultant to the Institute of Plantation Management	100,000
Aerial Survey of Buffaloes	50,000
Expanding & Improving Facilities for Repair & Maintenance of Marine Engines	200,000
Sector Total	600,000
SECTOR: INFRASTRUCTURE	
Assistance in Structural Engineering	200,000
Frequency Management & Monitoring	150,000
Telecommunication Training Centre	800,000
Insurance Training	250,000
Hydro-Power Feasibility Studies	500,000
Assistance to Academy of Administrative Studies	100,000
Groundwater Exploration & Development in Hard Rock Areas	475,000
Sector Total	2,475,000

PROJECT TITLE	(80-83)
SECTOR: SOCIAL OVERHEADS (Education, Employment & Health	
Technical Assistance for Development of Occupational Safety & Health	100,000
Establishment of a Home Science Centre	
Garment Manufacture & Mechanisation, Carpentry Workshop in Schools	125,000
Improvement of Laboratory Services	400,000
Development of the School of Co-operatives - Polgolla	600,000
Pilot Project for Director Development and Member Education	450,000
Ministry Training Programme - Fellowships	100,000
Socio-Economic Development of Plantation Workers	150,000
Preparatory Assistance for Female Resource Development in Fisheries Sector	100,000
Communications Research Policies	100,000
Sector Total	2,125,000
SECTOR: INDUSTRY	
Small-Scale Production of Bricks	100,000
Assistance to State Gem Corporation	300,000
Sector Total	400,000

ANNEX IV

DISTRIBUTION OF SCP RESOURCES USING UNDP'S SECTORAL AND FUNCTIONAL CLASSIFICATIONS

SECTORS		$(000)	%
General development issues, policy & planning		3,830	7.54
Development planning	2,084		
General Statistics	1,545		
Public Administration	201		
Natural Resources		2,614	5.15
Land & water	1,101		
Mineral resources	1,446		
Biological control	11		
Energy	56		
Agriculture, forestry & fisheries		15,446	30,42
Agricultural development	5,541		
Crops	6,855		
Livestock	718		
Fisheries	1,332		
Forestry	1,000		
Industry		3,058	6.03
Industrial development	1,635		
Manufacturing industries	678		
Tourism & related services	745		
Transport & communications		2,681	5,29
Policy & planning	5		
Air transport	2,287		
Telecommunications	389		
International trade & development finance		1,242	2.45
Global trade policies	46		
Trade promotion	1,196		
Human Settlements		3,931	7.75
Settlements planning	1,735		
Housing	2,196		
Health		3,754	7.40
Health services	2,566		
Disease control	531		
Environmental health	657		
Education		5,045	9.94
Educational planning	31		
Educational facilities	5		
Educational systems	5,009		
Employment		2,675	5.27
Skills development	2,405		
Employment	270		
Social conditions & equity		348	0.68
Social security	150		
Disadvantaged groups	125		
Prevention of crime	73		
Culture		827	1.62
Cultural preservations	210		
Communication & mass media	617		
Science & technology		850	1.68
Transfer of Technology	850		
Other (Multi-sectoral projects	4,459	4,459	8.78
TOTAL:		50,760	100.00

FUNCTIONS	Primary $(000)	Primary %	Secondary $(000)	Secondary %
Institution Building	17,368	34.21	26,341	51.90
Direct Support	28,102	55.36	23,698	46.68
Direct Training	740	1.46	-	-
Experipental Projects	4,300	8.47	341	0.67
Pilot Projects	24	0.05	-	-
Special Support Projects	226	0.45	226	0.45
Relief Projects	-	-	154	0.30
Total	50.760	100.00	50,760	100.00

UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

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DP/GC/SRL/R.2/RECOMMENDATION
10 March 1980

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Twenty-seventh session
June 1980
Agenda item 6(b)

Country and intercountry programming and projects

COUNTRY PROGRAMME OF THE GOVERNMENT OF

SRI LANKA

Note by the Administrator

Programme period	IPF for 1977-1981: $31.5 million
1977-1983	IPF resources for 1982-1983: $16.0 million

I. Nature of the programming exercise

1. The programming exercise was conducted over a 12-month period, starting early in 1979, concurrently with the finalization of the Government's 1979-1983 Public Investment Programme. The Department of External Resources, Ministry of Finance and Planning, was responsible for the preparation of the Programme, with the support of its National Planning Department, and in consultation with the development ministries, departments and agencies. The organizations in the United Nations system assisted in the exercise, by their personnel - either resident or visiting Sri Lanka on mission - and by their headquarter country briefs and sectoral analyses. The methodology adopted for the preparation of the second country programme involved the following major steps:

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(a) Evaluation of the first country programme to identify the areas in which UNDP assistance had been most effective, with a view to eliminating or reducing shortcomings in the formulation and implementation of the second programme;

(b) Appraisal of the Government's technical co-operation requirements, in consultation with the concerned development ministries and planning authorities, to determine priority areas and activities for which external assistance would be required;

(c) Assessment of all ongoing projects to determine their future duration and requirements, and what changes might be needed in their design, objectives and activities;

(d) Selection of projects for inclusion in the second programme by the Government, in consultation with UNDP;

(e) Examination and consideration of comments from the Executing Agencies and UNDP headquarters on the draft programme.

2. The UNDP office was closely associated in this process and, drawing upon resources available from the Specialized Agencies and organizations of the United Nations system, provided assistance to the Government at the various stages of the country programme's formulation.

II. Assessment of the previous country programme

3. The first country programme consists of more than 260 projects, utilizing $17.8 million in UNDP resources, and distributed over a wide range of development activities. Sectoral distribution, which particularly reflected priorities contained in the Government's five-year development programme (1972-1979), is shown in table 1 below:

Table 1

Sectoral distribution of expenditures 1972-1976
(in $'000)

	Planned		Actual	
	$	Per cent	$	Per cent
Agriculture	6 244	44	7 130	40
Infrastructure	4 813	34	6 230	35
Human resources	2 305	16	3 026	17
Industry	557	4	1 068	6
Natural resources	360	2	356	2
	14 279 a/	100	17 810 b/	100

a/ Excludes unprogrammed balance of $721,000 (5 per cent of $15 million allocation).

b/ Reflects full $15 million allocation plus $2.8 million over-expenditure.

4. As may be noted, the planned and actual distribution by sector remained remarkably close to each other in percentage terms, although actual expenditures exceeded those originally programmed by more than $3.5 million. This difference resulted from the fact that $721,000 or 5 per cent of the original IPF allocation, was left unprogrammed in anticipation of future needs, while project deliveries exceeded the original allocation by $2.8 million.

5. Although agriculture received the most UNDP assistance, programming was linked to a significant extent with pre-investment activities which produced feasibility studies and project proposals. These led to World Bank as well as bilateral funding, while UNDP inputs also helped in the implementation and utilization of capital investment. A major portion of UNDP assistance was devoted to the establishment or strengthening of Government institutions important for development. Technology transfer and manpower development were given specific attention.

6. As will be noted from table 2 below, more than one half of the first programme resources were devoted to expert services. The average annual expenditure for equipment in the final two years of the cycle ($1.2 million) approximately equalled the total expenditure for equipment in the first three years. Expenditures for subcontracts rose steadily from $137,000 in 1972 to $1.1 million in 1976, and a similar though less dramatic trend was noted in expenditures for training (from $175,500 in 1972 to $605,500 in 1975).

Table 2

Distribution of resources by component: 1972-1976
(in $'000)

	1972	1973	1974	1975	1976	Total	(Per cent)
Personnel	2 038	1 885	1 518	2 215	2 073	9 729	54.0
Subcontract	137	349	232	450	1 110	2 278	12.5
Training	175	312	588	605	396	2 076	11.5
Equipment	334	427	535	1 371	1 041	3 708	20.5
Miscellaneous	41	38	52	91	58	280	1.5
	2 725	3 011	2 925	4 732	4 678	18 071 a/	100.0

a/ Includes $261,000 (1.4 per cent) from Programme Reserves, not funded from IPF resources.

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III. Relation of the country programme to national development objectives

7. The Government's 1979-1983 Public Investment Programme seeks to achieve: (a) a large-scale expansion of employment; (b) a higher rate of over-all growth with increased savings and investment; (c) progressive improvement in the balance of payments, and (d) safeguarding of the living standards of the poor. The achievement of these goals is predicated on the availability of considerable resources in the form of unutilized educated manpower, unexploited land, water and power supplies, and untapped capacities in different branches of the economy. With a view to maintaining flexibility, the Programme is conceived in a "rolling" framework, whereby it will be reviewed and adjusted as necessary at the end of each year.

8. In this context, the Government has identified three lead projects - the accelerated Mahaweli Development Programme, the Free Trade Zone Development and the Urban Renewal and Housing Programme - to constitute the core of its investment strategy over the five-year period. These projects offer tremendous potential for employment creation, conservation of water resources, power generation, expansion of agricultural and industrial output and exports, and development of urban and rural areas. The Government's Public Investment Programme also provides for the undertaking of complementary investments in such areas as building materials, economic infrastructure and social overheads.

9. The priorities of the second country programme are based essentially on the priorities of the Public Investment Programme, while at the same time focussing on those development areas in which technical assistance inputs from the United Nations system can be of most use. The provision of relevant expertise, training and equipment aims at the tangible transfer of technology, skills and know-how which will contribute to the building of national capabilities and self-reliance.

10. One-third of the Government's total investment for the period 1979-1983 is being directed towards economic overheads (infrastructure), and the country programme inputs to the sector are approximately of the same percentage. However, agriculture remains the single largest sector receiving UNDP assistance, in line with its large scope for expanding output and employment, import substitution and export earnings. A substantial part of the activity in other sectors is also related to the agriculture sector; hence, the range of agriculture-oriented activities is actually much greater than the 30 per cent of the earmarkings directly attributable to the sector. The programme also complements capital and technical assistance resources provided by other multilateral and bilateral sources.

IV. Content and phasing of the country programme

11. As the first programme was completed in December 1976 and the new Government's five-year public investment strategy (1979-1983) was not promulgated until May 1979, it was agreed that the second programme should cover the full period of 1977-1983.

Principally because the second programme exercise was not completed until almost half-way through the seven-year programme period, a major portion (59 per cent) of the resources was already committed to ongoing and approved projects. However, only 22 per cent of the resources are allocated to projects initiated in the first programme period, with the remaining amount having been programmed and approved for new activities on a carefully planned basis since 1977.

12. In addition to providing technical assistance in specific project areas, attention will also be given to assisting the Government in preparing projects to mobilize further investment. Resources have been allocated for six projects which are designed to improve the planning and project preparation capacity in the Government and its development ministries. Almost $4 million has been earmarked for activities under the World Bank-executed multisectoral programme for project preparation. Thus, pre-investment activities continue to form an important part of the technical co-operation activities financed by UNDP.

13. Consonant with the Government's policy of decentralization and its emphasis on rural and regional development, a significant number of new projects will be addressed to development activities outside of the major urban centres of Colombo and Kandy. Projects originally of an institution-building nature will be expanded to incorporate extension and rural development activities.

14. As Sri Lanka is endowed with highly qualified and competent personnel, there is a trend in the programme towards reducing the number of long-term advisers and increasing short-term consultancies by highly specialized advisers in specific fields. Similarly, efforts will be made to increase the employment of national consultants and subcontractors, the local purchase of equipment and Government execution. Other programme trends in line with "New Dimensions" include the introduction of the concepts of costsharing and the allocation of resources for the Transfer of Knowledge Through Expatriate Nationals (TOKTEN). Due attention will also be given to global United Nations priorities, such as the promotion of women's role in development, the inclusion of environmental considerations in project implementation, and the promotion of technical co-operation among developing countries.

Table 3

Sectoral breakdown of programmed resources

Sector	On-going projects		New projects		Total	
	Value ($000)	Per cent	Value ($000)	Per cent	Value ($000)	Per cent
Agriculture (including forestry and fisheries)	9 002	30	6 443	31	15 445	30
Social overheads (education, employment and health)	6 576	22	5 890	28	12 466	25
Infrastructure	12 360	42	5 176	25	17 536	35
Industry	1 886	6	3 425	16	5 311	10
Total programmed	29 824	100	20 934	100	50 758 a/	100

a/ Excludes unprogrammed reserve of $1.6 million.

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Table 4

Phasing of the country programme

A. Amounts programmed

Year	($ 000)
1977 (actual)	3 900
1978 (actual)	4 800
1979	6 500
1980	7 700
1981	7 800
1982	7 900
1983	8 100
Adequate programming provision	5 700
Total:	52 400

B. Resources taken into account for programming

Resources available		
(a) IPF 1977-1981	31 500 000	
(b) Less over-expenditure 1972-1976	(2 800 000)	
(c) Plus borrowing from 1982-1986 IPF	2 000 000	
(d) Plus 1982-83 estimated IPF availability	16 000 000	
Subtotal	46 700 000	46 700 000
Provision for over-commitment		
(a) Plus 15 % provision for adequate programming	5 700 000	
Subtotal		5 700 000
Total resources taken into account for programming		52 400 000

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V. Recommendation of the Administrator

15. In the light of the views expressed above, the Administrator recommends that the Governing Council:

(a) Approve the proposed UNDP country programme for Sri Lanka for the duration of its programme period within the limits of Indicative Planning Figure for 1977-1981, taking into account the balance of over-expenditure of its 1972-1976 Indicative Planning Figure; and

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the country programme while ensuring, in accordance with the decision of the Governing Council at its eighteenth session (E/5543/Rev.1, paragraph 31), that expenditures are kept in reasonable conformity with the relevant Indicative Planning Figures and are contained within the financial resources available at any given time.